Jeremiah W. (Jay) Nixon, Governor • Sara Parker Pauley, Director

## DEPARTMENT OF NATURAL RESOURCES

www.dnr.mo.gov

April 25, 2011

Mr. Nick Powell Colt Energy, Inc. 4330 Shawnee Mission Parkway Suite 233 Fairway, KS 66205-2522

STATE OF MISSOURI

RE: Spacing order exemption

Dear Mr. Powell:

At the April 19, 2011 State Oil and Gas Council meeting held at the Missouri University of Science and Technology in Rolla, MO, Colt Energy petitioned the Council for a spacing exemption under 10 CSR 50-2.070 for nine counties. These counties include Bates, Caldwell, Cass, Clay, Jackson, Platte, Ray, St. Louis and Vernon. This petition requested the Council reduce the spacing unit size from 40-acres to 2.5-acres for the nine counties where oil reservoirs occur less than 1,200 feet below ground surface and allow for wells to be drilled no closer than 165 feet to the lease or property line.

After extensive discussion by the Council, a motion was made and approved that "For oil bearing formations in the counties of Bates, Caldwell, Cass, Clay, Jackson, Platte, Ray and Vernon, the spacing requirements for wells less than 1,200 feet be no less than 2.5-acres."

This exception now allows operators to drill one well per 2.5-acres instead of one well per 40-acres while maintaining a 165 foot setback from the spacing unit line for reservoirs less than 1,200 feet deep. This 2.5-acre spacing is based on the US Public Land Survey's governmental quarter-quarter-quarter-quarter section

If you have any questions, please contact the office of the state geologist by mail at P.O. Box 250, Rolla, MO 65402; by phone at 573-368-2100; or by fax at 573-368-2111.

Sincerely,

STATE OIL AND GAS COUNCIL

John Madras, Chair

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JM:jw

